I hereby give notice that an extraordinary meeting of the Finance and Performance Committee will be held on:

**Date:** Wednesday, 13 February 2019  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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**Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee**  
**OPEN AGENDA**

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**MEMBERSHIP**

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Cr Ross Clow</th>
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<tr>
<td>Deputy Chairperson</td>
<td>Cr Desley Simpson, JP</td>
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<td>Members</td>
<td>Cr Josephine Bartley</td>
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<td>Cr Dr Cathy Casey</td>
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<td>Deputy Mayor Cr Bill Cashmore</td>
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<td></td>
<td>Cr Fa'anana Efeso Collins</td>
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<td>Cr Linda Cooper, JP</td>
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<td>Cr Chris Darby</td>
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<td>Cr Alf Filipaina</td>
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<td>Cr Hon Christine Fletcher, QSO</td>
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<td>Mayor Hon Phil Goff, CNZM, JP</td>
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<td>Cr Richard Hills</td>
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<td>IMSB Member Terrence Hohneck</td>
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<td>Cr Penny Hulse</td>
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<td>Cr Mike Lee</td>
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<td>Cr Daniel Newman, JP</td>
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<td>Cr Greg Sayers</td>
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<td>Cr Sharon Stewart, QSM</td>
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<td>IMSB Chair David Taipari</td>
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<td>Cr Sir John Walker, KNZM, CBE</td>
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<td>Cr Wayne Walker</td>
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<td>Cr John Watson</td>
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<td>Cr Paul Young</td>
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(Quorum 11 members)

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**Sandra Gordon**  
Senior Governance Advisor

**7 February 2019**

Contact Telephone: (09) 890 8150  
Email: sandra.gordon@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The purpose of the Committee is to:

(a) control and review expenditure across the Auckland Council Group to improve value for money
(b) monitor the overall financial management and performance of the council parent organisation and Auckland Council Group
(c) make financial decisions required outside of the annual budgeting processes

Key responsibilities include:

- Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP) for consideration by the Governing Body including:
  - Local Board agreements
  - Financial policy related to the LTP and AP
  - Setting of rates
  - Preparation of the consultation documentation and supporting information, and the consultation process, for the LTP and AP
- Monitoring the operational and capital expenditure of the council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure
- Monitoring the financial and non-financial performance targets, key performance indicators, and other measures of the council parent organisation and each Council Controlled Organisation (CCO) to inform the Committee’s judgement about the performance of each organisation
- Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs
- Exercising relevant powers under Schedule 8 of the Local Government Act 2002, which relate to the Statements of Intent of CCOs
- Exercising Auckland Council’s powers as a shareholder or given under a trust deed, including but not limited to modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, exempting CCOs, and approving policies relating to CCO and CO governance
- Approving the financial policy of the Council parent organisation
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews, as required under section 17A of the Local Government Act 2002
- Establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control
- Write-offs
- Acquisition and disposal of property, in accordance with the long term plan
- Recommending the Annual Report to the Governing Body
- Te Toa Takatini
Powers

(a) All powers necessary to perform the committee’s responsibilities, including:
   a. approval of a submission to an external body
   b. establishment of working parties or steering groups.

(b) The committee has the powers to perform the responsibilities of another committee, where it is necessary to make a decision prior to the next meeting of that other committee.

(c) The committee does not have:
   a. the power to establish subcommittees
   b. powers that the Governing Body cannot delegate or has retained to itself (section 2).
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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<td>Amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy</td>
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<td>11</td>
<td>Consideration of Extraordinary Items</td>
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</tbody>
</table>
1 **Apologies**

At the close of the agenda no apologies had been received.

2 **Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 **Petitions**

There is no petitions section.

4 **Public Input**

There is no public input section.

5 **Local Board Input**

There is no local board input section.

6 **Extraordinary Business**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-

   (i) The reason why the item is not on the agenda; and

   (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

(a) That item may be discussed at that meeting if-

   (i) That item is a minor matter relating to the general business of the local authority; and

   (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”
Te take mō te pūrongo
Purpose of the report
1. To agree the scope of the land transfer from Panuku Development Auckland Limited (Panuku) to the council entity to be consulted on alongside the Annual Budget 2019/2020.

Whakarāpopototanga matua
Executive summary
2. This is a late covering report for the above item. The comprehensive agenda report was not available when the agenda went to print and will be provided prior to the 13 February 2019 Extraordinary Finance and Performance Committee meeting.

Ngā tūtohunga
Recommendation/s
The recommendations will be provided in the comprehensive agenda report.
Te take mō te pūrongo
Purpose of the report
1. To adopt the Consultation Document and Supporting Information for the Annual Budget 2019/2020 incorporating a potential amendment to the 10-year Budget 2018-2028.

Whakarāpopototanga matua
Executive summary
2. All councils are required by legislation to adopt an annual plan every year (except once every three years when the long-term plan acts as the annual plan). We refer to Auckland Council’s annual plan as the Annual Budget and its long-term plan as the 10-year Budget.
3. The recommendations in this report depend on decisions to be made in relation to a separate report on this agenda about a potential long-term plan amendment on property transfers.
4. The process to develop council’s annual budget began with the Mayor’s direction setting which was distributed on 5 October 2018.
5. Local boards held workshops and meetings in December 2018 to adopt their local consultation content.
6. The Tūpuna Maunga Operational Plan must be prepared and adopted concurrently with the council’s Annual Budget and must be included in summary form in the Annual Budget consultation documentation. The Draft Tūpuna Maunga Operational Plan was adopted by the Tūpuna Maunga Authority and Governing Body in December 2018.

Ngā tūtohunga
Recommendation/s
That the Finance and Performance Committee:

a) agree to recommend to the Governing Body to adopt the Supporting Information for the Annual Budget 2019/2020 and amendment to the 10-year Budget 2018-2028 on property transfers as tabled.

b) agree to recommend to the Governing Body to adopt the Consultation Document for the Annual Budget 2019/2020 and amendment to the 10-year Budget 2018-2028 on property transfers as tabled.

c) delegate responsibility to the Chair of Finance and Performance Committee, and the Group Chief Financial Officer to approve any final edits required to the Consultation Document and Supporting Information in order to finalise the documents for uploading online and physical distribution.

Horopaki
Context
7. All councils are required by legislation to adopt an annual plan (also known as the annual budget) every year (except once every three years when the long-term plan acts as the annual plan). We refer to Auckland Council’s annual plan as the Annual Budget and its long-term plan as the 10-year Budget.

8. The recommendations in this report depend on decisions to be made in relation to a separate report on this agenda about a potential long-term plan amendment on property transfers.
9. Annual Budget 2019/2020 budgets, priorities and funding envelopes have been set in the second year of the current 10-year Budget. Any significant or material changes to the budget or service levels from that set out in the 10-year Budget require consultation.

10. Auckland Council is also required to include local board agreements and the Tupuna Maunga Authority Operational Plan in its Annual Budget. The proposed content of local board agreements and the Tupuna Maunga Authority Operational Plan must be included in Annual Budget consultation material.

11. The draft consultation material was distributed to Finance and Performance members on 5 February 2019 and the final version for adoption will be tabled on 13 February 2019 following the completion of the audit review of the potential amendment to the 10-year Budget.

Tātaritanga me ngā tohutohu
Analysis and advice

Developing the Annual Budget
8. The process to develop council’s Annual Budget began with the Mayor’s direction setting which was distributed on 5 October 2018. It reflected on the significant investment of $26 billion agreed to in the 10-year Budget and stated the focus will be on delivering our substantial capital projects, continuing to pursue savings, efficiencies and alternative financing opportunities.

9. Following the Mayor’s direction setting memo, three workshops with the Finance and Performance Committee were held in November 2018. A nominee from each local board attended workshops including the Mayor’s Proposal.

10. On 29 November 2018, the Finance and Performance Committee received the Mayoral Proposal for consultation on the Annual Budget. On 12 and 13 December 2018 respectively the Finance and Performance Committee and the Governing Body considered this proposal and agreed the items for consultation in the Annual Budget 2019/2020.

Developing local board agreements and consulting on local issues
11. Each year a local board agreement is developed for each local board that sets out priorities, budgets and intended levels of service for local activities, and the capital and operating expenditure required to fund these activities. Local board agreements are agreed between the local board and the Governing Body as part of the annual plan or long-term plan process.

Developing the Draft Tūpuna Maunga Operational Plan 2019/2020
12. Each year the council and the Tūpuna Maunga Authority must agree a Tūpuna Maunga Operational Plan to provide a framework in which the council, under direction of the Tūpuna Maunga Authority, will carry out its functions for the routine management of the maunga and administered lands for that financial year. The Tūpuna Maunga Operational Plan must be prepared and adopted concurrently with the council’s annual plan and must be included in summary form in the annual plan consultation documentation.

12. The Tūpuna Maunga Authority met in December 2018 to approve the budget for 2019/2020, which is consistent with year two of the 10-year Budget. The Draft Tūpuna Maunga Operational Plan has been prepared and was adopted by the Tūpuna Maunga Authority. The Governing Body adopted the Draft Tūpuna Maunga Operation Plan on 13 December 2018. Content relating to the draft plan is referred to in the Consultation Document and the summary of the plan is in section 3.0 of the Supporting Information.
Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views
13. The key impact on the group is the potential impact on Panuku regarding the 10-year Budget amendment. This is covered in the separate report on this agenda regarding property transfers.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views
14. Local board representatives were invited to briefings with the Finance and Performance Committee between November and December 2018 which focused on key regional topics.
15. Local boards presented to the Finance and Performance Committee on 16 and 19 November 2018 on their local priorities and input into the process.
16. Local boards held workshops and meetings in December 2018 to adopt their local consultation content.
17. Content supporting the development of each local board agreement is set out in section 2 of the Supporting Information. In addition, local board key priorities for 2019/2020 are listed in part one of the Consultation Document.

Tauākī whakaaweawe Māori
Māori impact statement
18. Targeted engagement with mana whenua and mataawaka is being planned for the consultation period.

Ngā ritenga ā-pūtea
Financial implications
19. The Annual Budget is a statutory process which must be completed annually. The council budget provides for the resourcing to deliver this project. The budget approved for the consultation has been shared with the Water Strategy consultation to create financial and resource efficiencies.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
20. Annual budgets enable rates to be struck for the following financial year. Not completing the Annual Budget 2019/2020 in accordance with statutory requirements has the potential to impact on the ability to continue to deliver the services and projects that Auckland needs.
21. At this stage of the process the key risks are compliance and timing. The legal team have reviewed the consultation material for legislative compliance. Approval of the Consultation Document and supporting information at this meeting will enable the timetable for consultation and subsequent decision-making to be met.

Ngā koringa ā-muri
Next steps
19. Following decisions today, all consultation material will be finalised for print and distributed to libraries, service centres, local board offices and made available online in time for the start of the consultation process on 17 February 2019.
20. The key steps for finalising the Annual Budget are:

<table>
<thead>
<tr>
<th>Annual Budget 2019/2020</th>
<th>2019</th>
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<tbody>
<tr>
<td>Public consultation period</td>
<td>17 Feb – 17 Mar</td>
</tr>
<tr>
<td>Finance and Performance workshop – budget discussions (if required)</td>
<td>11 Apr (TBC)</td>
</tr>
<tr>
<td>Finance and Performance workshop – receive public consultation feedback including Tūpuna Maunga Authority joint deliberations</td>
<td>17 Apr</td>
</tr>
<tr>
<td>Finance and Performance workshop – budget discussions (if required)</td>
<td>30 Apr (TBC)</td>
</tr>
<tr>
<td>Finance and Performance workshop – Local boards invited to provide feedback on regional issues and advocate on local issues</td>
<td>8 May</td>
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<tr>
<td>Finance and Performance workshop – budget discussions</td>
<td>13 &amp; 15 May</td>
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<tr>
<td>Finance and Performance workshop – Mayor’s Proposal and workshop decision making</td>
<td>20 May</td>
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<tr>
<td>Finance and Performance meeting - Mayor’s Proposal and decision making</td>
<td>22 May</td>
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<tr>
<td>Local boards - adopt local board agreements</td>
<td>4 – 6 Jun</td>
</tr>
<tr>
<td>Governing Body workshop – adoption of final Annual Budget 2019/2020</td>
<td>13 Jun</td>
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<tr>
<td>Governing Body meeting – adoption of final Annual Budget 2019/2020</td>
<td>20 Jun</td>
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21. The key steps for finalising the 10-year Budget amendment should it proceed are:

<table>
<thead>
<tr>
<th>10-year Budget amendment – Land transfers</th>
<th>2019</th>
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<tbody>
<tr>
<td>Public consultation period</td>
<td>17 Feb – 17 Mar</td>
</tr>
<tr>
<td>Finance and Performance and Governing Body receive public feedback and make final decision on the 10-year Budget amendment</td>
<td>10 Apr</td>
</tr>
<tr>
<td>Prepare final document and have audited by AuditNZ</td>
<td>11 – 26 Apr</td>
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<tr>
<td>Audit and Risk Committee – asked to confirm the process and risks have been managed</td>
<td>29 April</td>
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<tr>
<td>Finance and Performance workshop - final 10-year Budget amendment</td>
<td>30 April</td>
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<tr>
<td>Governing Body meeting – adopt the 10-year Budget amendment</td>
<td>2 May</td>
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Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Authors</th>
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<tbody>
<tr>
<td>Kylie Evans - Programme Manager</td>
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<tr>
<td>Michael Burns - Manager Financial Strategy</td>
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<td>Hinewairere Warren - Project Manager</td>
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<table>
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<th>Authorisers</th>
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<tr>
<td>Ross Tucker - General Manager, Financial Strategy and Planning</td>
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<tr>
<td>Matthew Walker - Group Chief Financial Officer</td>
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Amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy

File No.: CP2019/00293

Te take mō te pūrongo
Purpose of the report
1. To recommend adoption for consultation of the proposed amendments to the Revenue and Financing Policy and the Rates Remission and Postponement Policy to provide for the proposed changes to rating of religious use properties.

Whakarāpopototanga matua
Executive summary
2. The Governing Body has previously agreed to consult on changes to rating of religious use properties. To implement these changes requires consultation on amendments to:
   - Funding Impact Statement (FIS) to include a zero-rated general rates differential category for this land
   - Revenue and Financing Policy to amend the general rates differential categories to include the zero-rated category
   - Remission and Postponement Policy to remit the Uniform Annual General Charge and fixed charges for zero-rated land¹.
3. Officers also recommend amending the Postponement of rates for residential properties scheme to make renewing eligibility easier for ratepayers.
4. The Annual Budget 2019/2020 consultation documents include the proposed changes to the FIS.
5. Changes to the Revenue and Financing Policy and the Rates Remission and Postponement Policy must be consulted on and adopted separately as these policies do not form part of the Annual Budget.
6. Consideration of feedback from consultation and adoption of amendments to the Revenue and Financing Policy and the Rates Remission and Postponement Policy will proceed along the same decision-making timeframe as the Annual Budget 2019/2020.

Ngā tūtohunga
Recommendation/s
That the Finance and Performance Committee:
   a) agree to recommend to the Governing Body to adopt the attached materials for consultation on amendments to the Revenue and Financing Policy and the Rates Remission and Postponement Policy.
   b) agree to recommend to the Governing Body that delegated authority and responsibility for agreeing any required minor editorial changes and the correction of minor errors to the Chair of the Finance and Performance Committee, and the Group Chief Financial Officer.

¹ Charges for waste management targeted rates will still apply where the service is provided
Horopaki

Context

7. The Governing Body has previously agreed to consult on not charging rates to some land used by religious organisations. This is to recognise the importance of religious organisations and the services they provide to Auckland’s community.

8. The council proposes not to charge rates to land used by religious organisations for the following:
   - presbytery/manse used to house clergy which is onsite or adjacent to the place of religious worship
   - halls and gymnasiums used for community not-for-profit purposes
   - not-for-profit childcare for the benefit of the community
   - libraries
   - offices that are onsite and which exist for religious purposes
   - non-commercial op-shops operating from the same title
   - car parks serving multiple land uses but for which the primary purpose is for religious purposes

9. Land owned by religious organisations used for commercial purposes including car parks, gyms, cafes, and op shops that are operated as a commercial activity will continue to be rated as business.

Tātaritanga me ngā tohutohu

Analysis and advice

10. To implement these changes requires amendments to the:
   - Funding Impact Statement (FIS) to include a zero-rated general rates differential for this land
   - Revenue and Financing Policy to amend the general rates differential categories to include the zero-rated category
   - Rates Remission and Postponement Policy to remit the Uniform Annual General Charge and fixed charges for zero-rated land

11. The Annual Budget 2019/2020 consultation documents include the proposed changes to the FIS.

12. Changes to the Revenue and Financing Policy and Remission and Postponement Policy must be consulted on and adopted separately as these policies do not form part of the Annual Budget.

13. The proposal, options analysis and proposed amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy will be made available separately from the Annual Budget on council’s website.

14. Drafts of the Revenue and Financing Policy and Remission and Postponement Policy with the proposed amendments will also be included in the supporting information of the Annual Budget.

15. Feedback will be able to be provided online via council’s website. Any feedback received on the Revenue and Financing Policy or Rates Remission and Postponement Policy as part of Annual Budget 2019/2020 consultation will also be captured.
16. Officers also recommend amending the Postponement of rates for residential properties scheme to make renewing eligibility easier for ratepayers. The recommended change removes the requirement for a statutory declaration for ongoing proof of eligibility and will enable applicants to complete their annual declaration without requiring an authorised witness such as a Justice of the Peace or solicitor.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views
17. There are no council group impacts associated with the recommendations in this report.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views
18. Local board representatives have participated in the workshops leading up to the adoption of the consultation material for the Annual Budget 2019/2020 and expressed their views on the consultation options, including a specific opportunity to feedback on regional issues. Local boards will have further opportunities to express their views on the impacts of regional decisions on their local community before final decisions are made in May 2019.

Tauākī whakaaweawe Māori
Māori impact statement
19. The proposed changes to rating of religious use properties do not impact the Māori community significantly differently to the community at large.

Ngā ritenga ā-pūtea
Financial implications
20. Adopting the proposed approach will reduce the size of the rating base by between $1 million and $1.5 million. This will result in general rates for all other ratepayers increasing between 0.06 percent and 0.09 per cent to offset the reduced size of the rating base.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
21. If the council does not consult on the changes to the Revenue and Financing Policy and the Rates Remission and Postponement Policy then it will be unable to implement the proposed changes to rating of religious use properties.

Ngā koringa ā-muri
Next steps
22. The proposed amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy will be consulted on alongside the Annual Budget 2019/2020.
23. Consideration of feedback from consultation and adoption of the amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy will proceed along the same decision-making timeframe as the Annual Budget 2019/2020.
Ngā tāpirihanga
Attachments

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<th>No.</th>
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<tr>
<td>A</td>
<td>Proposal to amend the Revenue and Financing Policy</td>
<td>19</td>
</tr>
<tr>
<td>B</td>
<td>Draft Revenue and Financing Policy</td>
<td>21</td>
</tr>
<tr>
<td>C</td>
<td>Proposal to amend the Rates Remission and Postponement Policy</td>
<td>35</td>
</tr>
<tr>
<td>D</td>
<td>Draft Rates Remission and Postponement Policy</td>
<td>37</td>
</tr>
</tbody>
</table>

Ngā kaihaina
Signatories

Authors
Aaron Match - Principal Advisor – Financial Policy
Andrew Duncan - Manager Financial Policy

Authorisers
Ross Tucker - General Manager, Financial Strategy and Planning
Matthew Walker - Group Chief Financial Officer
Proposal to amend the Revenue and Financing Policy

About the Revenue and Financing Policy

The Revenue and Financing Policy provides predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

What we need your feedback on

Auckland Council proposes to amend its Revenue and Financing Policy to include a zero-rating general rates differential category to allow us to not charge rates to the following land used by religious organisations for:

- presbytery/manse used to house clergy which is onsite or adjacent to the place of religious worship
- halls and gymnasiums used for community not-for-profit purposes
- not-for-profit childcare for the benefit of the community
- libraries
- offices that are onsite and which exist for religious purposes
- non-commercial op-shops operating from the same title
- car parks serving multiple land uses but for which the primary purpose is for religious purposes

Land used for commercial purposes including car parks, gyms, cafes, and op shops that are operated as a commercial activity will continue to be rated as business.

For more information about the proposed amendments, please see pages [links to relevant pages of the supporting information containing discussion of options relating to the above-listed amendments] of the Supporting Information for the Annual Budget 2019/2020.

If the changes to the Revenue and Financing Policy are not made then the council will be unable to implement the proposed changes to rating of religious use properties in the Annual Budget 2019/2020.

When you can have your say

Submit your feedback on the proposed Revenue and Financing Policy from 17 February to 17 March 2019.

Alternatively, you can have your say on the proposed Revenue and Financing Policy by attending one of the Have Your Say events. Have Your Say Events provide an opportunity where Aucklanders have spoken interaction with council representatives.

What happens next

Your feedback will be analysed and reported to the Governing Body for its consideration before it adopts any amendments to the policy in June 2019.
Draft Revenue and Financing Policy

Proposed amendments to the Revenue and Financing Policy are highlighted in the blue call out boxes.

Policy purpose and overview

The purpose of the Revenue and Financing Policy is to provide predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

Policy background

Funding principles

To assist with the identification of the appropriate funding methods, the council has used a set of guiding principles that incorporate the matters set out in Section 101 of the Local Government Act 2002. These are set out in table 3.1.1 below.

Table 3.1.1

<table>
<thead>
<tr>
<th>Principle</th>
<th>Rationale for its application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying for benefits received or costs imposed</td>
<td>Under this principle, the council considers benefit distribution and cost causation and the period in or over which benefits and costs are expected to occur. The allocation of costs to those who benefit from a council service or those who impose costs to the council (whether the community as a whole, any identifiable part of community, or individuals) is considered economically efficient and equitable and the extent to which the actions or inaction of individuals or a group contribute to the need to do the activity. Section 101(3)(a)(ii), Section 101(3)(a)(iv), Section 101(3)(a)(i)</td>
</tr>
<tr>
<td>Transparency, accountability and costs and benefits of funding activities separately</td>
<td>This principle is applied when considering the costs and benefits of separate funding. Transparency of funding enables the users of services to assess whether they get value for money. Accountability makes the council more efficient in providing these services. From the perspective of the service users, transparency and accountability also enable them to make more informed decisions in using council services. Section 101(3)(a)(v)</td>
</tr>
<tr>
<td>Market neutrality</td>
<td>This principle is relevant when the council is competing with the private sector in producing or delivering services. The council can be placed in an advantageous position vis a vis the private sector because of its ability to fund such services from rates, either fully or partially. This can lead to market distortions and economic inefficiencies. It can also discourage private enterprise. To avoid this, in tandem with other principles such as affordability, the council will apply commercial best practice when providing such services. Section 101(3)(b)</td>
</tr>
<tr>
<td>Financial prudence and sustainability</td>
<td>This principle is relevant in determining appropriate funding mixes. It is recognised that additional revenue may be required to support debt repayment and manage treasury ratios. Section 101(2)</td>
</tr>
</tbody>
</table>

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Supporting Information
<table>
<thead>
<tr>
<th>Principle</th>
<th>Rationale for its application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimal capital usage</td>
<td>This principle relates to the effectiveness of funding tools in achieving efficiencies. The council’s limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers. Among other things, this principle influences the council’s decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) to pay for its assets and activities. Section 101(3)(b)</td>
</tr>
<tr>
<td>Strategic alignment</td>
<td>The Auckland Plan sets out a vision for the city over the next 30 years. The Revenue and Financing Policy should have regard to its impact on the broader strategies and priorities as set out in the council’s vision and the Auckland Plan. The infrastructure strategy outlines how the council intends to manage its infrastructure assets. The Revenue and Financing Policy will show how investment in infrastructure is funded. Section 101(3)(b)</td>
</tr>
<tr>
<td>Overall social, economic, environmental and cultural impacts</td>
<td>Decisions on how the council’s revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the current and future social, economic, environmental and cultural well-being of the community and the community outcomes to which the activity relates. Section 101(3)(b)</td>
</tr>
<tr>
<td>Community outcomes in the Auckland Plan</td>
<td>Decisions on how the council’s revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the community outcomes in the Auckland Plan. Section 101(3)(a)(i)</td>
</tr>
<tr>
<td>Affordability</td>
<td>The council needs to consider the impact of funding methods on people’s ability to pay as this can have implications for community well-being. Section 101(3)(b)</td>
</tr>
<tr>
<td>Minimise the effects of change</td>
<td>The integration and harmonisation of the policies of the former councils may lead to major changes in the incidence of rates and user charges for services. Funding and financial policies should seek to minimise or manage the impact of these changes. Section 101(3)(b)</td>
</tr>
<tr>
<td>Efficiency and effectiveness</td>
<td>The council’s financial policies should have regard to the costs of carrying them out, and how effective they will be in achieving their objectives. Section 101(3)(a)(v)</td>
</tr>
<tr>
<td>Practicality</td>
<td>The council’s funding policies must be achievable and unconstrained by practical issues that will prevent compliance. Section 101(3)(a)(v)</td>
</tr>
<tr>
<td>Legal compliance</td>
<td>The LGA 2002 and related legislation include a number of legal requirements for the development of the Revenue and Financing Policy. All aspects of the policy will comply with legislation.</td>
</tr>
</tbody>
</table>

There are some inherent conflicts between these guiding principles. In practice, establishing the council’s specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the council applies these principles to assess...
how to fund the separate activities, the council then considers the overall impact of any allocation of liability on the community.

Policy details

Expenditure to be funded

Legislation requires the council to make adequate provision in its long-term plan to meet expenditure needs identified. Generally, this will mean that all expenditure is funded. Exceptions include funding of depreciation expenditure where it is financially prudent not to do so. In determining the level of non-funded depreciation, the council will have regard to:

- whether at the end of its useful life, the replacement of an asset will be funded by way of a grant or subsidy from a third party
- whether the council has elected not to replace an asset at the end of its useful life
- whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life
- whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

Table 3.1.2 below sets out the minimum level of depreciation funding the council will incorporate when calculating its rates requirement.

Table 3.1.2 Proportion of depreciation expenditure to be funded

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded</td>
<td>78%</td>
<td>82%</td>
<td>85%</td>
<td>89%</td>
<td>93%</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Not funded</td>
<td>22%</td>
<td>18%</td>
<td>15%</td>
<td>11%</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

As a result of this policy of moving towards funding 100 per cent of depreciation by 2026 the council has resolved that for three of the next 10 years, the council's operating revenue (adjusted for items such as vested assets and development contributions) will be less than the council's total operating expenditure (including depreciation). This implies that in the early years of the plan, the council is more reliant on borrowings, rather than rates and other current revenue, to fund its capital expenditure. However, the council considers that the level of council debt is manageable and prudent in every year of the plan. In particular, the projected level of council debt will not exceed our prudent limit of 270 per cent of revenue. Further information about our prudent approach to managing debt is included in our Financial Strategy in section 1.4.

The council considers that this policy on funding depreciation and the consequential impacts on councils' operating budgets and debt levels is financially prudent, reasonable and appropriate having had regard to our funding principles, the factors in section 100(2) of the Local Government Act 2002 and all other relevant matters.
Sources of funding
The sources of funding applied under this policy are limited to those set out under section 103 (2) of the LGA 2002.

Sources of funding: Operating expenditure
The council has determined the funding sources for operating expenditure after considering the funding principles set in Table 3.1.1. Table 3.1.3 Funding sources for operating expenditure:

<table>
<thead>
<tr>
<th>Funding source</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and charges</td>
<td>Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service (and those that do not pay are denied access to the service). This is based on the paying for benefits received principle. Fees are also appropriate where an individual’s action or inaction creates the need for an activity (cost causation). For example, the cost of obtaining a building consent is met by the building owner.</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>Grants and subsidies are generally only appropriate for funding the operating costs of the particular activity that the grant or subsidy is intended to pay for. For example, NZTA (government) transport subsidies can only be used to fund transport projects.</td>
</tr>
<tr>
<td>Development or financial contributions</td>
<td>Development contributions or financial contributions can only be used to fund capital expenditures related to growth. Development contributions also include financing costs incurred due to timing differences between growth-related capital expenditure being incurred and the related development contribution being received.</td>
</tr>
</tbody>
</table>
| Targeted rates               | Appropriate to fund operating expenditure (including projects to support growth) where one or more of the following apply:  
  - that benefit a specific group of ratepayers  
  - to incentivise land owners to develop land in response to a commitment to the provision of infrastructure  
  - to provide certainty of the council recovering its costs  
  - where greater transparency in funding the cost of the activity is desirable  
  - where an individual or a group of ratepayers voluntarily chooses to adopt the rate, such as for business improvement districts or the Retrofit Your Home scheme  
  - where the rate is for a specific service, or bundle of services, such as for waste collection. |
| General rates                | General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causes of costs) of the service and charge them for the benefits received or costs imposed (e.g. regional parks and open spaces). It is also appropriate for general rates to partially fund activities where the provision of a private good also generates wider social benefits or where the application of fees and charges either causes affordability issues or compromises the wider objectives of the activity. This is consistent with the guiding principle of affordability. |
| CCO profits, and net rental and interest from investments | CCO profits and net returns from investments will be used to offset the general rates funding requirement of other council activities, reducing the burden on all ratepayers |
| Borrowing                    | Borrowing will not generally be used to fund operating expenses. The council may choose to borrow for an operating expense where it is providing a grant to an external community organisation that is building an asset such as a community facility or in other cases where operating expenditure provides enduring economic benefits. Borrowing may also be used to fund the interest expense accrued on borrowing during the period of construction of an asset, and to fund the cost of discovered liabilities such as the council’s share of weather Tightness claims. In these cases borrowing and repaying the debt over time promotes intergenerational equity by spreading the responsibility for funding across the generations who will benefit. |

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### Funding source | Rationale
---|---
Trusts, bequests and other reserve funds | Certain operating expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met.

Other funding sources | The use of any other funding sources should be assessed with regard to the guiding principles. Any miscellaneous revenue not linked to a specific activity should be used to fund activities that would otherwise be funded through the general rate.

Surpluses from previous financial years | A surplus may be available to be carried forward if the actual surplus/(deficit) is improved compared to the forecast surplus/(deficit). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The amount of any surplus carried forward will be accounted for as an operating deficit in the year the benefit is passed to ratepayers.

Regional Fuel Tax | A Regional Fuel Tax may be used to fund the operating expenditure associated with approved list of transport capital projects as set out in the Regional Fuel Tax scheme.

### Note: Auckland Council does not intend to use lump sum contributions or proceeds from asset sales to fund operating expenditure.

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating expenditure of individual activities.

### Sources of funding: Capital expenditure

The council has determined the funding sources for capital expenditure after considering the funding principles set out in Table 3.1.1.

#### Table 3.1.4 Funding sources for capital expenditure

| Funding source | Rationale |
---|---|
General rate | Appropriate funding source where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causes of costs) of the capital expenditure.

Targeted rates | Appropriate to fund capital expenditure projects (including projects to support growth) where one or more of the following apply:
- that benefit a specific group of ratepayers
- to incentivise land owners to develop land in response to a commitment to the provision of infrastructure
- to provide certainty of the council recovering its costs
- where greater transparency in funding the cost of the activity is desirable.

Fees and charges | Appropriate funding source where users of a service can be identified and charged according to their service.

Examples include water charges and Infrastructure Growth Charges from Watercare Services Limited.

Interest and dividends from investments | Interest and dividends from investments may be used where appropriate and consistent with the council’s funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding.

Borrowing | Borrowing is used to spread the funding requirement for capital expenditure across multiple years. Given assets deliver benefits throughout their useful lives it is appropriate that the funding is spread across the useful life.

Proceeds from asset sales | Funds received from the sale of surplus assets will generally be used to repay borrowings.

On a case-by-case basis these surpluses may be used to fund investment in another asset of higher strategic priority than the asset sold.

Development or financial contributions | Appropriate to fund capital expenditure in anticipation of or in response to development (growth) that will generate a demand for additional reserves, network or community infrastructure (such as stormwater systems). Contributions are set through the council’s Contributions Policy.
Item 9

### Revenue and Financing Policy

<table>
<thead>
<tr>
<th>Funding source</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants, subsidies, and donations</td>
<td>Appropriate to fund specific capital expenditure projects as per terms of the grant, subsidy or donation. An example of this is NZTA subsidies to partially fund transport projects</td>
</tr>
<tr>
<td>Trusts, bequests and other reserve funds</td>
<td>Certain capital expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met</td>
</tr>
<tr>
<td>Other sources</td>
<td>Other revenue sources may be used where appropriate and consistent with the council's funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding. An example of this is the use of commercial returns from property holdings to fund capital spend on those property assets</td>
</tr>
<tr>
<td>Regional Fuel Tax</td>
<td>A Regional Fuel Tax may be used to fund the capital expenditure associated with approved list of transport capital projects as set out in the Regional Fuel Tax scheme.</td>
</tr>
</tbody>
</table>

**Note:** Auckland Council does not intend to use lump sum contributions to fund capital expenditure.

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating and capital expenditure of individual activities.

### Rating Policy

The council will use general rates to fund activities which have a 'public good' element, e.g. civil defence, or where it wishes to subsidise the provision of services because of the wider social benefits they provide e.g. libraries.

### Valuation basis

The general rate will be set on the basis of capital value. Capital value better reflects the level of benefit a property is likely to receive from services rather than land value or annual value.

### Application of a uniform annual general charge

To ensure that the rates incidence isn’t disproportionately borne by higher value properties the council sets a uniform annual general charge (UAGC). Every ratepayer will therefore make a minimum contribution to meeting the council’s costs.

The charge will apply to every separately used or inhabited part of a rating unit e.g. shop in a mall or granny flat. This ensures equal treatment between these properties and main street shops or apartments on individual titles.

### Rates differentials

It is the council’s view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on land use (including consideration of land use classifications determined under the Rating Valuation Rules) and location.

The council will apply general rates differentially (the base level for rating is the residential sector) and may also apply targeted rates differentially to:

- business properties in the urban area
- business properties in rural areas
- residential properties in the rural areas
- farm/lifestyle properties
- moderate-occupancy online accommodation providers in the rural areas
- moderate-occupancy online accommodation providers in the urban area

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- medium-occupancy online accommodation providers in the rural areas
- medium-occupancy online accommodation providers in the urban area
- properties with no direct or indirect road access and properties on uninhabited islands.

**Proposed amendment:**
Amend the above bullet point to read "properties with no direct or indirect road access" and add a new bullet point "properties where the council chooses not to charge rates (eg. zero-rated)."

The council has decided that the appropriate differential for business is to raise 25.6 per cent of the general rates take, which is substantially lower than the current level. Business rates will move to that level in equal steps by 2037/2038 to manage the affordability impact of the shift in the rates incidence to the non-business sector.

**Targeted rates**

The council mainly uses targeted rates where there is a clearly identifiable group benefiting from a specific council activity. Targeted rates will apply to properties that receive certain services, or which are located in specified areas. Targeted rates may be used where the council wishes to incentivise development in areas where infrastructure investments have been made and/or to provide more certainty over the timing of payment for those investments. Targeted rates may also apply universally to fund a specific activity where a greater degree of transparency is desired. The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

The council intends to set targeted rates to fund activities as set out in Table 3.1.5 below.

**Table 3.1.5: Services to be funded by targeted rates**

<table>
<thead>
<tr>
<th>Targeted rate</th>
<th>Services to be funded or part funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solid waste targeted rates</td>
<td>Refuse, inorganic, food scraps collection, resource recovery centres and recycling services as appropriate for former council areas</td>
</tr>
<tr>
<td>City centre targeted rate</td>
<td>Investment in projects to enhance the central city environs</td>
</tr>
<tr>
<td>Local targeted rates as proposed by local boards</td>
<td>Local or regional activities in the local board's area</td>
</tr>
<tr>
<td>Business improvement district targeted rates</td>
<td>Investments to enhance the environs in the area of the business association as agreed with the business association</td>
</tr>
<tr>
<td>Loan repayment targeted rates</td>
<td>To repay financial assistance provided by the council to ratepayers for specific purposes</td>
</tr>
<tr>
<td>Waitakere rural sewerage targeted rate</td>
<td>To pay for the provision of inspection and pump out services for on-site waste management systems</td>
</tr>
<tr>
<td>Infrastructure targeted rates</td>
<td>Activities requiring infrastructure investment</td>
</tr>
<tr>
<td>Accommodation provider targeted rate</td>
<td>ATEEDs visitor attraction and major events expenditure</td>
</tr>
<tr>
<td>Water Quality targeted rate</td>
<td>Additional investment in improving water quality</td>
</tr>
<tr>
<td>Natural Environment targeted rate</td>
<td>Additional investment in improving environmental outcomes</td>
</tr>
</tbody>
</table>

**Annual adjustments to regulatory fees and charges**

The council will amend its regulatory fees and charges annually:

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Amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy

- reflect increases in costs as measured by the council rate of inflation and/or
- maintain the cost recovery levels underlying the basis for setting the fee levels.

The change to fee levels will be made on a practical basis recognising that the percentage change applied to individual fees may not precisely equal the council rate of inflation. This also means smaller fees may increase by more material amounts in one year and remain constant for a period before being adjusted again.

**Application of funding principles to the funding of operating and capital expenditure for each activity**

The council has determined the sources of funding for capital and operating expenditure for each of its activities after considering the principles set out in Table 3.1.1 and the rationale for the use of funding sources in Tables 3.1.3 and 3.1.4 above. A brief summary of the decisions and consideration of funding principles for each activity is set out in Table 3.1.6 below.

**Table 3.1.6 Funding sources for operating and capital expenditure for each activity**

**Groups of Activities: Council controlled services**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Auckland</td>
<td>This involves both commercial operations that deliver private benefits and public initiatives that</td>
<td>Costs of commercial operations are funded from user charges and other non-rates revenue</td>
</tr>
<tr>
<td></td>
<td>benefit the community as a whole</td>
<td>Costs of public initiatives are primarily funded from the general rate</td>
</tr>
<tr>
<td></td>
<td>Lessees, tenants and purchasers derive the full benefit</td>
<td>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>specific group of ratepayers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including</td>
</tr>
<tr>
<td></td>
<td></td>
<td>projects to support growth) not funded from development contributions where a project benefits a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>specific group of ratepayers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development contributions are used to fund the majority of the total cost of interest and capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>expenditure on qualifying growth-related public infrastructure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and to address cash-flow/timing differences</td>
</tr>
<tr>
<td>Economic growth and visitor</td>
<td>The related industries benefit from increased visitor numbers</td>
<td>Visitor attraction and major events expenditure is funded by a mix of general and targeted rates</td>
</tr>
<tr>
<td>economy</td>
<td>The community as a whole benefit from growth in the economy and employment</td>
<td>Economic development costs are primarily funded from the general rate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subsidies from government and other sources are utilised where available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>User charges are applied where benefits are private (event tickets)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers</td>
</tr>
<tr>
<td>Regional facilities</td>
<td>Users of the facilities derive a direct benefit</td>
<td>The majority of the costs are funded from the general rate with the balance funded from user charges</td>
</tr>
<tr>
<td></td>
<td>The community as a whole benefit through a more diverse and vibrant lifestyle and an increased</td>
<td>such as venue hire</td>
</tr>
<tr>
<td></td>
<td>sense of pride and identity created by the events hosted in the facilities</td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers</td>
</tr>
<tr>
<td></td>
<td>An enhancement to the overall economy and employment resulting from increased visitor numbers</td>
<td>and to address cash-flow/timing differences</td>
</tr>
</tbody>
</table>

Auckland Council Annual Budget 2019/2020
Supporting information
### Groups of Activities: Local services

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local planning and development</td>
<td>Business improvement districts (BIDs) directly benefit from council expenditure on local economic development made at their direction. The rest of the council service in local planning and development benefits the community as a whole.</td>
<td>Grants provided to each BID for spending in the BID area are funded from the respective BID targeted rate. Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available. The balance of the costs are funded from the general rate. Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
</tr>
<tr>
<td>Local environmental management</td>
<td>These are public goods that benefit the community as a whole.</td>
<td>Costs are fully funded from the general rate.</td>
</tr>
<tr>
<td></td>
<td>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available. Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
</tr>
<tr>
<td>Local governance</td>
<td>These are public goods that benefit the community as a whole.</td>
<td>Costs are primarily funded from the general rate.</td>
</tr>
<tr>
<td></td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
<td>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
</tr>
<tr>
<td>Local community services</td>
<td>Service users derive a direct benefit, The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space. In most cases it is impractical to directly charge users. In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions). The target recipients of the services may have affordability issues.</td>
<td>Costs are primarily funded from the general rate. User charges may apply where the service is private and a charge can be implemented without compromising the council’s social objectives. Subsidies from government and other sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available. Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers. Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers. Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure. Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
</tr>
</tbody>
</table>
### Groups of Activities: Regional council services

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
</table>
| **Regional planning**       | The community as a whole benefit from this activity  
The city centre redevelopment programme directly benefits businesses in the city centre area through enhancing the quality of the environment in the city centre for workers and visitors  
The need for the council involvement is mainly caused by licence or consent applicants or holders whose activities, if unregulated, could cause nuisance to the public or pose a threat to the safety of health of the community  
In some cases it is difficult to identify and charge the parties who cause the costs (e.g. owners of unregistered dogs)  
In some cases charging the full cost may discourage compliance  
Certain related services (e.g. provision of property information) deliver private benefit to users  
The remainder of the activity contributes to the council's provision of other external services | Costs are primarily funded from the general rate  
Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates  
Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers  
Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers  
Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure  
Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |
| **Regulatory services**     | Certain services within this activity (e.g. provision of financial assistance to ensure safety in the community)  
Deliver private benefits  
The remainder of the activity contributes to the council's provision of other external services  | Costs are primarily funded from user charges  
Certain charges are set at a level below cost to encourage compliance, with the balance funded from general rates  
Where costs cannot be easily attributed to individual parties, they are funded from the general rate  
Targeted rates are used where there is a clearly definable group benefiting from a specific council activity (e.g. on-site sewage pump out)  
Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |
| **Organisational support**  | Certain services within this activity (e.g. provision of financial assistance to ensure safety in the community)  
Deliver private benefits  
The remainder of the activity contributes to the council's provision of other external services  | Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers  
There is a small amount of revenue from fees and charges  
The remainder of the costs are allocated to the council's external services  
Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |
| **Regional governance**     | These are public goods that benefit the community as a whole  
Costs are primarily funded from the general rate (see note below)  
Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |
| **Regional community services** | Service users derive a direct benefit  
The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space  
In most cases it is impractical to directly charge users  
In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions)  
The target recipients of the services may have affordability issues | Costs are primarily funded from the general rate  
User charges may apply where the service is private and a charge can be implemented  
Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available  
Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers  
Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers |
### Amendments to the Revenue and Financing Policy and Rates Remission and Postponement Policy

#### Finance and Performance Committee
13 February 2019

**Attachment B**

#### Item 9

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental services</td>
<td>The provision of environmental services is primarily a public good that benefits the community as a whole</td>
<td>Costs are funded predominantly from the general rate Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</td>
</tr>
<tr>
<td>Investment</td>
<td>All ratepayers as a whole bear the risk of the investments</td>
<td>Any profit realised is used to reduce the general rate requirement Any loss would be funded from the general rate or other revenue Borrowings are used to address cash-flow timing differences</td>
</tr>
<tr>
<td>3rd party amenities and grants</td>
<td>Regional amenities such as MOTAT and Auckland War Memorial Museum benefit the community as a whole Council is required under legislation to provide funding for amenities included in this activity</td>
<td>Costs to the council are primarily funded from the general rate Borrowings may be used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</td>
</tr>
</tbody>
</table>

Note: Revenue from council owned cafes is currently grouped under this activity and is used to offset the general rate.

**Groups of Activities: Roads and Footpaths**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road and footpaths</td>
<td>Road and footpath users derive a direct benefit There are legal and practical constraints in directly charging users The vast majority of the public are users</td>
<td>Costs are funded from a combination of the general rate, user charges, and government grants Targeted rates may also be used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences The Regional Fuel Tax may be used to fund some of the operating and capital expenditure associated with approved list of transport capital projects as set out in the Regional Fuel Tax scheme</td>
</tr>
</tbody>
</table>

Auckland Council Annual Budget 2019/2020
Supporting Information
Groups of Activities: Public Transport and Travel Demand Management

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Transport and travel demand management</td>
<td>Service users derive a direct benefit. Public transport provides benefit for the wider community by reducing demand from private transportation for road and infrastructure.</td>
<td>Costs are funded from the combination of the general rate, user charges, and government grants. Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers. Targeted rates are used to fund interest and capital expenditure on qualifying growth-related public infrastructure. Borrowing is used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences. The Regional Fuel Tax may be used to fund some of the operating and capital expenditure associated with approved list of transport capital projects set out in the Regional Fuel Tax scheme.</td>
</tr>
<tr>
<td>Parking and enforcement</td>
<td>Parking customers derive the full benefit. Individuals failing to comply with restrictions create the need for council involvement.</td>
<td>Costs are fully funded from user charges and fines. Borrowing is used to address cash-flow timing differences.</td>
</tr>
<tr>
<td>Organisational support (Auckland Transport)</td>
<td>Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits. The remainder of the activity contributes to the council's provision of other external services.</td>
<td>Costs are allocated to the council's external services. Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers. Borrowing is used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences.</td>
</tr>
</tbody>
</table>

Groups of Activities: Stormwater Management

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stormwater management</td>
<td>These are public goods that benefit the community as a whole (except for a small number of local projects that benefit a specific group of ratepayers)</td>
<td>Costs are primarily funded from the general rate. Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers. Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers. Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers. Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure. Financial contributions are used to fund the costs of environmental mitigation through the resource consent process. Borrowing is used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences. Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired in relation to how funds are spent.</td>
</tr>
</tbody>
</table>
### Groups of Activities: Wastewater treatment and disposal

<table>
<thead>
<tr>
<th>Activities</th>
<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater</td>
<td>Water and wastewater customers derive the full benefit</td>
<td>Costs are mainly funded from user charges. Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers. Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers. Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences.</td>
</tr>
</tbody>
</table>

### Groups of Activities: Water Supply

<table>
<thead>
<tr>
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<th>Consideration of funding principles</th>
<th>Funding policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>Water and wastewater customers derive the full benefit</td>
<td>Costs are mainly funded from user charges. Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers. Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers. Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences.</td>
</tr>
</tbody>
</table>
Revenue and Financing Policy

Item 9

Attachment B
Proposal to amend the Rates Remission and Postponement Policy

About the Rates Remission and Postponement Policy

The Rates Remission and Postponement Policy provides financial assistance to ratepayers, and addresses inequities in how rates are applied. Full details of the Council’s current the Rates Remission and Postponement Policy can be viewed here.

What we need your feedback on

Auckland Council proposes to amend its Rates Remission and Postponement Policy so that the Uniform Annual General Charge and other targeted rates assessed as fixed rates are remitted for the following land used by religious organisations for:

- presbytery/manse used to house clergy which is onsite or adjacent to the place of religious worship
- halls and gymnasiums used for community not-for-profit purposes
- not-for-profit childcare for the benefit of the community
- libraries
- offices that are onsite and which exist for religious purposes
- non-commercial op-shops operating from the same title
- car parks serving multiple land uses but for which the primary purpose is for religious purposes

Land used for commercial purposes including car parks, gyms, cafes, and op shops that are operated as a commercial activity will continue to be charged the Uniform Annual General Charge and other targeted rates assessed as fixed rates.

Auckland Council also proposes to amend its Postponement of rates for residential properties scheme to make renewing eligibility easier for ratepayers. The proposed change removes the requirement for a statutory declaration for ongoing proof of eligibility and enables applicants to complete their annual declaration without requiring an authorised witness such as a Justice of the Peace or solicitor.

For more information about the proposed amendments, please see pages [links to relevant pages of the supporting information containing discussion of options relating to the above-listed amendments] of the Supporting Information for the Annual Budget 2019/2020.

If the changes to the Rates Remission and Postponement Policy are not made then the council will be unable to fully implement the proposed changes to rating of religious use properties in the Annual Budget 2019/2020.

When you can have your say

Submit your feedback on the proposed Rates Remission and Postponement Policy from 17 February to 17 March 2019.

Alternatively, you can have your say on the proposed amendments to Rates Remission and Postponement Policy by attending one of the Have Your Say events. Have Your Say Events provide an opportunity where Aucklanders have spoken interaction with council representatives.

What happens next

Your feedback will be analysed and reported to the Governing Body for its consideration before it adopts any amendments to the policy in June 2019.
Draft Rates Remission and Postponement Policy

Proposed amendments to the Rates Remission and Postponement Policy are highlighted in the blue call out boxes.

Policy purpose and overview

The objective of this policy is to:

- provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- address circumstances where the rating system results in anomalies in the incidence of rates
- support the achievement of broader council policy objectives.

The council’s remission and postponement policy is set out in three parts each containing a number of schemes.

Part 1 - Financial assistance and support

- remission of rates to top-up the rates rebate
- remission for residents who occupy Papakåinga housing under a licence to occupy
- remission of rates penalties
- postponement of rates for residential properties
- remission of accommodation provider targeted rate.

Part 2 - Addressing anomalies

- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units.

Part 3 - Other schemes

- postponement of rates for land described as Lot 2 DP 476554 or Lot 2 DP 510763

Policy background

Section 102(5) of the Local Government Act 2002 provides that a council may have a rates remission and postponement policy.

Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

Applications

The ratepayer or ratepayer’s agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the
ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

Proposed amendment:
Add declaration in addition to statutory declaration as a form of evidence in paragraph above.

The remission or postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years, unless otherwise stated in the scheme.

Part 1 - Financial assistance and support schemes

Remission of rates to top-up the rates rebate

Objectives
The objective of this remission scheme is to enable the council to address the inequity that results from Auckland ratepayers being unable to include water and wastewater charges when applying for the central government’s rate rebate scheme. This scheme allows the council to remit the difference between its rates rebate top-up calculation and the government’s rates rebate scheme to include Watercare Services Limited’s and Veolia Water Limited’s (previously United Water Limited) water and wastewater charges in the calculation.

Conditions and criteria
To be eligible for the top-up remission, the ratepayer must meet the following criteria:
1. be a residential ratepayer and reside on the property
2. have resided on the property at the beginning of the rating year (1 July)
3. be an individual, rather than an organisation or trust. The amount remitted will vary according to the:
   a) ratepayer’s gross income, including any overseas income
   b) amount of Auckland Council rates payable by the ratepayer
   c) amount of water and wastewater charges payable by the ratepayer
   d) number of children or other dependants that the ratepayer supports
   e) maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s extended rates rebate scheme is automatically updated for the new thresholds.

Remission for residents who occupy Papakāinga housing under a licence to occupy

Objectives
This remission scheme allows council to remit the uniform annual general charge for residents of Papakāinga housing who would otherwise qualify for central government’s rate rebate scheme, except they occupy their property under a licence to occupy agreement.

The remission will be applied to the rates of the Papakāinga in which the applicant resides, where an agreement exists between the village operator and Auckland Council (see more below). The benefit of the rates remission will be passed to the resident.
Conditions and criteria

To be eligible for the licence to occupy remission, the applicant must meet the following criteria:

1. be a resident of Papakāinga housing under a licence to occupy agreement
2. reside in a unit or apartment that is identified by Auckland Council as a separately used or inhabited part of the Papakāinga housing to which a separate uniform annual general charge is applied
3. reside in Papakāinga housing that has entered into an agreement with Auckland Council to:
   a) identify the rates for applicants to the scheme
   b) pass the full benefit of any rates remission granted under this scheme to the successful applicant
4. have resided on the property at the beginning of the rating year (1 July)
5. be an individual, rather than an organisation or trust
6. only one application per unit or apartment will be accepted.

Granting of a remission will depend on:

1. the applicant’s gross household income, including any overseas income
2. the share of Auckland Council rates payable by the applicant to Papakāinga housing in which the applicant resides
3. the maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s remission for residents of a “license to occupy” within Papakāinga housing is automatically updated for the new thresholds.

How to apply

The management of Papakāinga housing accepted into the scheme will provide application forms to their residents.

Remission of rates penalties

Objectives

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Conditions and criteria

Penalties on rates may be remitted when one or more of the following criteria are met.

1. The ratepayer has paid after the penalty date for no more than one instalment, but has not received a rates penalty remission under this policy within the past two years.
2. A new ratepayer for a rating unit has not received the rates instalment notice due to the notice of the sale or transfer of the rating unit not being received by the council prior to the issue of the instalment notice
3. The penalties incurred on the first instalment of each new financial year will be automatically remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
4. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred in the current rating year, or yet to be incurred. The remission will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue, which it is uneconomical to collect, council officers may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Postponement of rates for residential properties

Objectives

The objective of this scheme is to assist residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least two years.
2. The rating unit must be used solely by the ratepayer as his or her residence.
3. The postponed rates will not exceed 80 per cent of the available equity in the property. The available equity is the difference between the council’s valuation of the property (the capital value at the most recent triennial revaluation) and the value of any encumbrances against the property, including mortgages or loans, if the ratepayer has insured the property for its full value. Otherwise, the available equity will be the 80 per cent of council’s valuation of the land less any encumbrances against the property.
4. The ratepayer or the ratepayer’s authorised agent must apply to the council on the prescribed form.

Conditions

1. The council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. The council will postpone payment of the residual rates (what is left after any optional payment) if the ratepayer meets the above criteria.
3. The council may add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to when they are paid. The fee will not exceed the council’s administrative and financial costs of the postponement.
4. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.
5. Once the postponed rates are equal to, or greater than, 80 per cent of the available equity in the property, no further rates will be postponed. Any postponement will apply until one of the situations listed below occurs, at which time the postponed rates (and any postponement fee) will be immediately payable:
   a) the ratepayer’s death
   b) the ratepayer no longer owns the rating unit
   c) the ratepayer stops using the property as his or her residence
   d) a date set by the council in a particular case.
6. All or part of the postponed rates may be paid at any time.
7. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
8. Postponed rates will be registered as a statutory land charge on the rating unit’s title.
9. For the rates to be postponed, the council will require evidence each year, by way of statutory declaration, of the ratepayer’s property insurance and the value of encumbrances against the property, including mortgages and loans.

Proposed amendment:
Add declaration in addition to statutory declaration as a form of evidence in condition 9 above.

Remission of accommodation provider targeted rate

Objectives
The objective of this scheme is to promote fairness in the application of the Accommodation provider targeted rate by allowing the council to remit the rate in circumstances where it is equitable to do so.

Criteria and conditions
The council may remit the accommodation provider targeted rate, where the application meets one of the following criteria:

1. The ratepayer owns no more than two rating units that attract the Accommodation provider targeted rate, and which are under contract to be used as serviced apartments, and where the applicant can demonstrate that they have
   a) entered into a contractual arrangement regarding the use of the rating unit as commercial accommodation prior to 1 June 2017, or subsequently purchased a rating unit subject to such an arrangement that was unable to be renegotiated at time of purchase.
   b) no contractual or relational/negotiating means of managing the additional costs of the rate
   c) no ability to exit, terminate or renegotiate the contract prior to the start of the rating year in which remission is applied for.

2. Where the applicant has contracted some or all of their commercial accommodation capacity to Work and Income New Zealand or other central government agency for the purpose of emergency housing.

Amount of rate to be remitted
For remissions granted under criterion 1 of this scheme:

- 100 per cent of the Accommodation provider targeted rate for the qualifying rating units in 2001/2019, with the proportion of rates remitted declining each year in equal steps until 2027/2028 when 10 per cent of the Accommodation provider targeted rate will be remitted. This remission scheme will expire on 30 June 2028.
- the amount of remission will be reduced on a proportional basis where the applicant is able to exit, terminate or renegotiate the contract during the rating year.

For remissions granted under criterion 2 of this scheme:

- A proportion of the Accommodation provider targeted rate calculated as follows:
Part 2 - Addressing anomalies in schemes

Remission of rates for miscellaneous purposes

Objectives

The objective of this scheme is to enable the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

Conditions and criteria

The council may remit rates on a rating unit where it considers it just and equitable to do so because:

1. There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit's rates are disproportionate to those assessed for comparable rating units.
2. The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the council's other rates remission policies, but are not actually covered by any of those policies.
3. There are exceptional circumstances that the council believes that it is equitable to remit the rates. The council has the final discretion to decide whether to grant a rates remission under this policy.

Remission of uniform annual general charges and targeted rates levied as fixed charges on rating units

Objectives

The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria

The council may remit uniform annual general charges and targeted rates levied as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a) the units are not strictly contiguous (for example, a farm run-off block),
   b) the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a) the units are not strictly contiguous
   b) the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council as a remote island that is uninhabitable or cannot be used for any practical use.
Proposed amendment:
Replace criteria 4 with the following: "The rating unit is classed by the council in the zero-rated general rates differential category."

A remission will not apply to any rate that is levied for:

a) separate residential dwelling or business located on the rating unit  
b) service actually provided to the rating unit.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.

Part 3 - Other schemes

Postponement of rates for land described as Lot 2 DP 476554 or Lot 2 DP 510763
(formerly the postponement of rates for sports clubs in the district of the former Manukau City Council)

Objectives
To provide continued relief for three years to the two rating units that had rates postponed under the former Auckland Council rates postponement scheme "Postponement of rates for sports clubs in the district of the former Manukau City Council".

Postponement had previously been granted to sports clubs where the rateable value of land that was owned and used for sports was significantly attributable to potential residential development or subdivision. Postponement of rates will not be available to any other land under this scheme.

Conditions and criteria
1. For the purposes of this scheme  
a) ‘sports’ means any organised outdoor sport but excludes horse or dog racing of any kind and ‘sporting’ has a corresponding meaning  
b) to be eligible the land used for sports must not be less than 5 hectares and must be part of the land described as Lot 2 DP 476554 or Lot 2 DP 510763
2. The rates postponement value is to be determined:
   a) so as to exclude any potential value that, at the date of valuation, the rating unit may have for non-sporting uses
   b) so as to preserve the uniformity and equitable relativity with comparable parcels of land within the district of the former Manukau City Council and used for sporting purposes, the values of which do not contain any such potential value
3. There will be no right of objection to the rates postponement value determined under clause 2(a) and (b), except to the extent that it is proved that the rates postponement value does not preserve uniformity with existing District Valuation roll values for comparable rating units (used for sporting purposes) within the district of the former Manukau City Council having no potential value for non-sporting development.
4. Where a rates postponement value has been determined, the payment of rates will be deemed to have been postponed for the portion of the rates for any rating period of an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the rating unit and the amount of the rates that would be payable for that period if the rates postponement value of the rating unit were its rateable value.
5. All rates whose payment has been postponed under this scheme will become due and payable immediately:
   a) on the rating unit ceasing to be used for sporting purposes
   b) where the ratepayer parts with possession of the rating unit or assigns or attempts to assign the rating unit in any way or for any purpose other than the giving of security for funds intended to be used for the further development of the rating unit for sporting purposes
   c) where the rating unit or part of the rating unit is developed for any purpose other than sports

6. The postponement will generally apply from the beginning of the rating period in which the rate postponement value is determined.

7. Postponed rates will be registered as a statutory land charge on the title of the rating unit.

8. The council will add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council’s administration and financial costs (an annual interest rate to be set by the council).

9. No further rates may be postponed under this scheme after 30 June 2021.

**Delegation of decision-making**

Decisions relating to the remission or postponement of rates payments will be made by council officers.
Te take mō te pūrongo
Purpose of the report

Whakarāpopototanga matua
Executive summary
2. If the recommendations of this report are approved, public consultation on Annual Budget 2019/2020 will run from 17 February 2019 to 17 March 2019 in conjunction with the Water Strategy discussion document.
3. The planned approach will deliver efficiencies by consolidating resources across the two components of the consultation.
4. This consultation will incorporate consultation on the 10-year Budget 2018-2028 amendment on the Waterfront Land Transfer, if adopted.
5. Targeted engagement will take place for the various groups specifically affected by specific rating changes in addition to general engagement on fee changes, the Maunga Authority draft operational plan and local board agreements.
6. A range of events will be held across the region enabling Aucklanders to have their say on the combined consultation in ways that suit them.
7. In collaboration with community partners, efforts will be made to engage with Auckland’s diverse communities to ensure their voices are heard in the decision-making process.
8. To make it accessible to as many people as possible, information on the consultation will be available online, in hard copy and translated into six different languages.
9. Feedback will be gathered from written responses, verbal interactions and social media channels (official council Facebook pages only).
10. Engagement will take place with mana whenua and mataawaka during the consultation period.
11. Following on from the consultation period, the decisions made will be communicated widely to all submitters and stakeholders groups involved in the process.

Ngā tūtohunga
Recommendation/s
That the Finance and Performance Committee:

a) agree to recommend to the Governing Body to approve the public consultation approach for the Annual Budget noting that:
   i) public consultation will run from 17 February 2019 to 17 March 2019
   ii) feedback can be provided through written, in person and digital channels
   iii) Have Your Say events will be held across the region to allow Aucklanders to provide feedback and have their views heard
iv) regional and local briefing reports will be prepared to provide a summary of public feedback received across all channels

v) the council will participate in a joint deliberations meeting with the Tūpuna Maunga Authority on their draft Annual Operational Plan

vi) a summary of the final decisions made will be prepared in June and widely communicated.

b) agree to recommend to the Governing Body to delegate to the following elected members and staff the power and responsibility to hear from the public through “spoken interaction/NZ sign language interaction” at the Have Your Say events for consultation on the annual plan:

i) Councillors;

ii) Local Board Chairs and Local Board Members;

iii) Tier 2 and Tier 3 staff and any additional staff selected by the Group Chief Financial Officer

c) note that feedback on the water strategy discussion document will be reported to the Environment and Community Committee in June 2019.

Horopaki Context

12. Once every three years, councils are required to adopt a long-term plan (referred to as the 10-year Budget), and in the intervening years an annual plan (referred to as the Annual Budget). Last year the Council adopted the 10-year Budget 2018-28 and this year will adopt an Annual Budget 2019/2020. Each year our budget enables rates to be set for the year and includes a Local Board Agreement for each of our 21 local boards.

13. Outside of the Annual Budget, we will also be asking for Aucklanders input to guide development of a water strategy for Auckland. Aucklanders will be able to have their say on a discussion document which will help shape how we will address water issues in the region.

14. Aucklanders will be able to have their say on these two consultations at the same time from 17 February 2019 to 17 March 2019.

15. There will be a joint campaign, Have Your Say events, feedback form and combined budget.

16. There are no matters of significant regional interest or change for Annual Budget 2019/2020. However, we are required to consult on specific proposed rating changes and proposed increases to some fees. Please see Attachment A for an overview of these changes:

   i) Changes to rating of religious use properties

   ii) An increase to the waste management targeted rate base service charge

   iii) Extending the food scraps collection targeted rate to North Shore former trial properties

   iv) Phasing out the Waitakere rural sewerage service and targeted rate

   v) Adjusting the urban rating area

   vi) Increases to some fees to maintain cost recovery (regulatory and mooring fees)

17. As well as these proposed changes, the Consultation Document also seeks feedback on the Maunga Authority draft operational plan and local board agreements.
18. The approach outlined in this report will also cover consultation on the 10-year Budget 2018-2028 amendment on the Waterfront Land Transfer, should it go ahead.

19. Any amendment to the 10-year Budget 2018-2028 and the proposed changes to fees mean that council must use the special consultative procedure prescribed by the Local Government Act 2002. In particular:
   i) Council must make sure that any person who wishes to present their views using “spoken interaction” is given a reasonable opportunity to do so and is informed about how and when he or she may take up that opportunity.
   ii) The term “spoken interaction” replaced the former requirement for the council to provide a submitter with a “reasonable opportunity to be heard”. The new term is not intended to replace or restrict the usual daily engagement that elected members and staff will continue to have with communities in phone calls, conversations and emails.

20. The combined consultation will be treated as a special consultative procedure.

21. There may also be some crossover with Auckland Transport’s consultation on the Draft Speed Limits Bylaw 2019. It is planned this consultation will go live in late February. Where possible there will be an Auckland Transport presence at Have Your Say events and information available in hard copy and online.

Tātaritanga me ngā tohutohu
Analysis and advice

Overview of Communication and engagement approach
22. Consolidating resources across the Water Strategy discussion document and Annual Budget 2019/2020 (plus the 10-year Budget 2018-2028 amendment and Draft Speed Limits Bylaw 2019 if necessary) will result in a consultation that’s easy to find and understand for Aucklanders:
   i) Reduced engagement fatigue for public by providing a single experience
   ii) A single overarching Have Your Say campaign
   iii) Alignment of topics
   iv) Shared website destination
   v) Shared feedback form
   vi) Shared consultation events
   vii) Shared marketing and communication activity
   viii) Shared budget
   ix) Shared staff training

Gathering feedback
23. Feedback will be gathered in a number of ways:
   i) written feedback received through feedback forms (online and hard copy), emails, letters, etc. and pro formas
   ii) spoken interaction (verbal feedback) from events
   iii) feedback received from digital/social media (note feedback only from official council channels will be analysed i.e. Auckland Council and local board Facebook pages).

24. Submitters who gave feedback for the 10-year Budget 2018-2028 and Auckland Plan consultation and provided their email addresses will be contacted and asked if they wish to comment. This gives access to 27,000 submitters who are already engaged and informed of the consultation process.
25. The 36,000 People’s Panel members and 12,000 members of the Auckland Conversations database will also be contacted and asked for their feedback.

26. The databases will be cross-referenced to avoid duplication.

27. Feedback questions on the Annual Budget 2019/2020 have been peer reviewed by the University of Auckland and amended where necessary.

**Targeted activity for specific ratings/fees questions**

28. Efforts will be made to target those groups specifically impacted by the proposed rating changes outlined earlier by the following methods:

   i) Mailouts to all property owners/ratepayers identified in the ratings databases for each individual ratings change – by email if an email address is on file and by post where a postal address is on file. Letters/emails will outline how the various changes will affect the property owner and invite them to provide feedback.

   ii) Contacting umbrella religious organisations and making them aware of the changes to rating of religious use properties, invite them to provide feedback and to share this across their networks. These organisations include but are not restricted to:

   - The Inter Church Bureau
   - Hindu Organisations and Temples Association
   - Shri Shirdi Sai Baba’s Mandir (Hindi and Muslim)
   - New Zealand Muslim Association
   - Auckland Hebrew Congregation

29. Where events are being held in areas specifically impacted by the changes, for example phasing out the Waitakere rural sewerage service and targeted rate, subject matter experts will be present to explain the changes and provide technical expertise.

**Events**

30. Have Your Say events will be held across Auckland. Local boards will mostly host these and have decided the number of events and format (round table, drop in session or traditional hearing style) that they believe best suits their community. Local boards were provided with an outline of councillor availability before setting the event dates and times. These events provide an opportunity for the community to have their views, on local and regional issues, heard by decision makers.

31. Local boards will seek feedback specifically on their local board agreements, however understanding local views on regional issues is also a priority.

32. Where local boards have decided not to hold events in their area, the Citizen and Customer Engagement team will hold alternative events in order for people to have the opportunity to have a spoken interaction on the consultation topics.

33. Targeted events and forums will be held to cater to the different demographic groups and communities. Targeted Māori and Pasifika events will be scheduled to discuss topics important to them.

34. Two regional stakeholder Have Your Say events will be held in a traditional hearing style on 14 March 2019 (Annual Budget 2019/2020) and 27 March 2019 (Water Strategy discussion document).

35. Regional stakeholders are organisations that represent groups of people who have generally regional views.

36. Additional events including an Auckland Conversation on 21 February 2019, a targeted ‘young professionals’ Have Your Say event on 26 March 2019 and a presence at the Lantern Festival and Kumeu Show will enable a wide range of Aucklanders to be aware of the consultation and provide feedback should they wish.
37. People who attend events will, where practical, be asked to provide their demographic information. This will not be compulsory but should give an indication of those who have had a spoken interaction as part the consultation in addition to those who provide written feedback by hard copy and online.

38. The Water Strategy discussion document component of the consultation is not under the same set timeframe as Annual Budget 2019/2020. For this reason there are two targeted, invite only events being held after the official consultation period has ended.

Consultation documentation and translations
39. In order to support Aucklanders to be able to provide feedback in a way that suits them best, all information will be provided online and in hard copy.

40. Hard copies of all documentation and feedback forms will be available at all libraries, service centres and local board offices as well as at the events.

41. To enable a wide reach across Auckland’s diverse communities, a high-level summary and the feedback form will be translated into Samoan, Tongan, Korean, Chinese, New Zealand Sign Language and Te Reo.

42. All consultation documentation will also be available online at www.akhaveyoursay.nz which takes users through to the Have Your Say section of the Auckland Council website. People will be able to read through all the information before providing their feedback in an online form.

Digital activity
43. In addition to the various emails to targeted groups, the consultation will be promoted via Council’s official digital channels:
   - Auckland Council and the 21 Local Board Facebook pages (as mentioned earlier, only comments on these official council channels will be analysed)
   - OurAuckland online
   - Auckland Council LinkedIn
   - Auckland Council Twitter

Communications: media channels
44. The February print edition of ‘Our Auckland’ includes an alert to let people know that the combined consultation is going to take place.

45. The March edition of ‘Our Auckland’ will have a focus on water issues and let people know when and how they can provide feedback. Readers will be encouraged to go to the website to read all the information available and provide their informed feedback using the online feedback form. The hard copy feedback form will not be included in Our Auckland.

46. Additional media opportunities will be used in the lead up to and during the consultation period to help raise people’s awareness of it taking place and that they can provide feedback.

Reaching out to Auckland’s diverse communities
47. Auckland Council is committed to supporting and including voices from diverse communities across Auckland. Being a super-diverse city, Auckland is home to communities of many different cultures and backgrounds.

48. To ensure that diverse voices are being included in Auckland Council’s decision making on the Annual Budget 2019/2020 and the future of water, the Citizen and Customer Engagement team has developed an initiative to partner with community groups. This initiative aims to help build capacity amongst community partners, increase civic engagement in diverse communities and increase the amount of submissions from diverse community groups.
49. During the consultation period, a number of community partners will use their expertise, relationships and networks to lead engagement with their communities.

50. They will receive training on the information and topics to be covered and will deliver this to their communities in the way that suits them best.

51. Advisory Panels will also be made aware of the engagement approach so they can be involved. Their input will be incorporated during the implementation phase.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

52. The combined consultation approach has been approved by the lead team members of Finance and Healthy Waters.

53. It was considered that this approach was an efficient use of resource and would benefit both groups while also ensuring a wide range of Aucklanders were able to provide feedback.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

54. The role of local boards in the public consultation process is an integral part of the approach. If the recommendations of this report are approved, locally held Have Your Say events detailed earlier will be deployed across the region to collect feedback on regional and local issues to inform the Water Strategy discussion document and Annual Budget 2019/2020.

55. Local boards have the discretion within the consultation period to hold various Have Your Say events that may or may not include a traditional style event. A delegation from Governing Body would be required for local board members to hear regional views if Governing Body members were not present at an event.

Tauākī whakaaweawe Māori Māori impact statement

56. Engagement with mana whenua and mataawaka during the March consultation period will prioritise the Water Strategy, due to the importance of this kaupapa for Māori, both mana whenua in their kaitiaki role, and as expressed by mataawaka. Engagement on the Annual Budget will run in parallel, with a focus on confirming the progress of 10-year-budget 2018 – 28, highlighting Māori input into the 10-year-budget decisions and inviting further comment if desired.

57. Engagement will include a series of sub-regional Māori-led events covering issues from a local perspective, including but not limited to three Radio Waatea facilitated Live Debates with mana whenua, mataawaka, elected member and council subject matter expert panellists and a live Māori community audience; a mana whenua session on 13 March 2019 for feedback direct to the committee; and rangatahi-led direct engagement with Māori youth across the city.

58. Should the consultation 10-year-budget Waterfront Land transfer amendment progress, mana whenua will receive additional information to provide clarity on the proposal, and any potential or perceived impact on their rights over relevant parcels. Face to face briefings will be offered, along with 13 March 2019 opportunity to provide comment direct to the committee.

59. A feedback event will be held focusing on Tūpuna Maunga Authority draft operational plan (attended by Tūpuna Maunga Authority members including Councillors on the Tūpuna Maunga Authority Board).

60. Engagement with Māori on the six additional ratings topics will be undertaken through the targeted engagement for impacted Aucklanders outlined above, these methods provide direct engagement with all impacted Aucklanders including Māori.
61. Impact on marae of the proposed ratings change for religious properties has been explored, and it has been confirmed that marae are not disadvantaged by this proposal. Marae are not charged rates up to 2 hectares, therefore the change would not create an imbalance in approach.

Ngā ritenga ā-pūtea

Financial implications

62. The proposed overall budget for the combined consultation is $171,500 for communications and engagement

63. $98,500 has been approved by the Finance group as their contribution to the joint consultation

64. $60,000 has been approved by Healthy Waters as their contribution to the joint consultation

65. Please see Attachment B for a breakdown of the key communications and engagement costs

Ngā raru tūpono me ngā whakaurutanga

Risks and mitigations

66. There is a risk that Aucklanders will be overwhelmed by the combined approach. This will be mitigated by very clearly differentiating between the components of the consultation by:
   i) Separate tabs on the website
   ii) Explaining to submitters upfront they only need to provide feedback on the areas they are interested in.

67. It was considered that the risk of overwhelming Aucklanders with the combined consultation approach was less than the risk of engagement fatigue running two large regionwide consultations in a short space of time.

68. There is a risk that Auckland Transport’s consultation on the Draft Speed Limits Bylaw 2019 will dominate public thinking and media headlines. Inviting AT to have a presence at events and linking through to their online information means we will show a joined-up approach across the council whanau.

Ngā koringa ā-muri

Next steps

69. If the recommendations of this report and accompanying presentation are approved by Governing Body, the combined consultation will take place from 17 February 2019 until 17 March 2019

70. Following on from the consultation period, regional and local briefing reports will be prepared to provide a summary of public feedback received across all channels

71. A summary of the final decisions made will be prepared in June and widely communicated with all submitters and stakeholders involved.
Ngā tāpirihanga
Attachments

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<tr>
<td>A</td>
<td>Ratings and fees summary</td>
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<td>B</td>
<td>Key communications and engagement costs</td>
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Ngā kaihaina
Signatories

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<tbody>
<tr>
<td>Author: Jean Cathcart - Senior CCE Specialist</td>
<td>Kenneth Aiolupotea - Head of Citizen Insights &amp; Engagement</td>
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<tr>
<td>Authoriser: Phil Wilson - Governance Director</td>
<td>Matthew Walker - Group Chief Financial Officer</td>
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We want your feedback on the Annual Budget

Last year we asked for your thoughts on our 10-year Budget from 2018-2028, the Long-term Plan. This year we are seeking your input to help us develop our Annual Budget for 2019/2020, the second year of the plan. Our consultation document includes the following proposed changes:

Rating matters

Changes to rating of religious use properties
Land used for religious worship, religious education, or as a cemetery are exempt from all rates, except for waste management services where these are provided. To recognise the importance of religious organisations and the services they provide to our community we are proposing to not charge rates to some of the other rateable land owned by religious organisations. For example, halls and gymnasiums used for not-for-profit purposes and for the benefit of the community.

Land used for commercial purposes such as car parks, gyms, cafes, and op shops that are operated as a commercial activity, will continue to be rated as business.

An increase to the waste management targeted rate base service charge
The costs of providing waste management services have increased. We propose an increase of $20.87 in the base service waste management charge to $121.06 per year (and additional 40cents per week) to recover the additional costs.

Extending the food scraps collection targeted rate to North Shore former trial properties
In 2014 we started a free trial of food scraps collection service to 2,000 properties in the North Shore area. Last year the food scraps collection service was introduced in the Papakura area paid for by a targeted rate. To ensure properties in both areas are being treated equally, we propose introducing a food scraps collection targeted rate of $68.34 to the 2,000 properties in the North Shore former trial area. The food scraps service is due to be rolled out across the rest of the region from 2020/2021.

Phasing out the Waitakere rural sewerage service and targeted rate
We propose phasing out the septic tank pump-out service and associated Waitakere rural sewerage targeted rate for the properties currently receiving this service. This service has not delivered desired water quality improvements as there are often other maintenance requirements for septic tanks that the pump-out service does not address. In its place we will be introducing a region wide compliance scheme for on-site wastewater management systems.
Adjusting the urban rating area
Auckland is growing and as a result urban development is now occurring in areas that were previously considered rural. We have identified 400 properties in six areas where urban development has occurred beside the current urban rating area. Rural properties pay 90 per cent of the rates charged to urban properties. We propose adjusting the urban rating area to include these 400 properties as they receive the same services as their adjacent urban neighbours so should pay the same level of rates.

Fees and Charges

Increases to some fees to maintain cost recovery
We propose an increase to some regulatory fees (resource consent, building control, mooring fees and animal management). The cost of providing these services has risen faster than inflation and fees charged need to rise to ensure these services continue to be funded by users rather than being subsidised by ratepayers.
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<th>Item 10</th>
<th>Key Comms and Engagement Costs</th>
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<td>Maori Engagement $20,000</td>
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<td>3 x Maori community live debates HVS, sub-regional topic focus, direct engagement through community partners, Maori social media campaign</td>
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